TAB A

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
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Application of BellSouth Corporation,	)	
Pursuant to Section 271 of the	)	
Telecommunications Act of 1996	)	CC Docket No. 02-35
To Provide In-Region, InterLATA Services	)	
In Georgia and Louisiana	)	

SUPPLEMENTAL REPLY DECLARATION OF ROBERT M. BELL ON BEHALF OF AT&T CORP.

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I. INTRODUCTION AND QUALIFICATIONS

1. My name is Robert M. Bell. I am currently employed as a Principal Member of Technical Staff of the Statistics Research Department at AT&T Labs-Research.

2. As part of AT&T's opening comments in CC Docket No. 01-277, I filed with the Commission an initial declaration ("Bell Decl."). On March 4, 2002, I filed with the Commission a Supplemental Declaration ("Bell Supp. Decl.").

II. PURPOSE OF DECLARATION

3. The purpose of this Supplemental Reply Declaration is to address certain arguments that BellSouth has raised in its *Ex Parte* filings regarding the new sampling methodology it is using to calculate service order accuracy results and the effect of small sample sizes on BellSouth's performance results.[1]

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[1] BellSouth discusses these issues in the following: *Ex Parte* from Kathleen Levitz to Magalie Salas dated March 1, 2002 *("March 1 Ex Parte"); Ex Parte* from Kathleen Levitz to William Caton dated

III. BELLSOUTH'S SERVICE ACCURACY MEASURE/SAMPLE SIZE

4. In my supplemental declaration, I discussed some of the fundamental flaws in BellSouth's analysis regarding the new sampling methodology that BellSouth is using to calculate service order accuracy results. Although BellSouth recently filed with this Commission certain *Ex Parte* letters on this subject, those submissions fail to address my previous concerns. Instead, they raise new issues with respect to the reliability of the data that BellSouth has reported.

5. In my supplemental declaration, I noted that BellSouth's decision to change the service order accuracy measure from a state-specific to a regional approach is highly problematic. Bell Supp. Decl. ¶¶ 5-6. If performance differs systematically among states, then regional results would provide biased estimates for individual states and could mask substandard performance in the states with the worst performance. As I pointed out, BellSouth's data from May to September, 2001, cast strong doubt on the assumption that performance for service order accuracy is the same across the region. In particular, BellSouth's own filing with this Commission illustrates that BellSouth's performance in Georgia was worse than the rest of the region during this period. *Id.* at ¶ 5.

6. BellSouth's latest *Ex Parte* filings on service order accuracy contain no data which have been disaggregated at the state level. As a consequence, these submissions do not allay my concerns that BellSouth's regional data could mask BellSouth's poor performance in Georgia. Indeed, BellSouth's *March 15 Ex Parte* raises additional questions regarding BellSouth's service order accuracy results.

March 14, 2002 *("March 14 Ex Parte")*; and *Ex Parte* from Jonathan Banks to William Caton dated March 15, 2002 *("March 15 Ex Parte")*.

7. In its *March 15 Ex Parte,* BellSouth suggests that its service order accuracy results from May through September, 2001, were based upon data from only three states (*i.e.* Georgia, Florida and Kentucky). However, BellSouth's previous filings suggested that its service order accuracy rates represented its performance in nine states. *See* Bell Supp. Decl. ¶ 5. If BellSouth's service order accuracy data capture results from only three states, there may be even greater differences with respect to BellSouth's actual performance in the nine states in BellSouth's footprint than its previously-submitted data suggested. More fundamentally, although BellSouth changed its methodology to a region-wide approach commencing in November, it has provided no empirical, verifiable evidence confirming that the results from all nine states do not differ significantly. Clearly such evidence is essential in evaluating the propriety of BellSouth's new region-wide approach and assessing the factual underpinnings of BellSouth's assertion that its "new" methodology will improve accuracy in reported results.

8. BellSouth's *March 1 Ex Parte* includes two tables (for mechanized and non-mechanized orders, respectively) showing data "to determine BellSouth's Service Order Accuracy performance for January, 2002 in Georgia." This description is misleading because it suggests that the data are Georgia-specific, even though all of the numbers appear to be regional. One column in each table is labeled "Population." Logically, these columns would give the total number of mechanized or non-mechanized orders for the corresponding product classification. However, the columns are exactly the same in the two tables.

9. As I pointed out in my supplemental declaration, the small samples that BellSouth has used in its performance results are suspect. Bell Supp. Decl. ¶¶ 6-7. Indeed, BellSouth has failed to provide detailed information describing the contours of its methodology

in setting sample sizes by product classification. This information is essential to an assessment of the reasonableness of BellSouth's approach.

10. Although the Service Order Accuracy measure has a benchmark standard in Georgia and Louisiana, the fact that orders are sampled introduces the need to consider statistical uncertainty. The standard asks whether the accuracy rate for *all* orders attains 95%. When a relatively small sample of orders is used, it is possible for the observed sample to meet the performance standard even though the complete population of orders might have failed the standard by a large amount. The smaller the sample that is observed, the greater risk of drawing an incorrect conclusion based on the sample.

11. The results reported in the *March 1 Ex Parte* illustrate that BellSouth's sample sizes are not large enough to rule out high rates of error for service order accuracy even when the observed performance seems adequate. Consider the largest sub-metric in the population: Resale Residence < 10 Circuits, Non-Dispatched. BellSouth reported 2 errors in 75 sample orders, for an observed error rate of 2.7% in January 2002. However, a one-sided 95% confidence interval for the overall error rate reaches 8.2% (based on the hypergeometric distribution for binary outcomes in a sample of a finite population). This means that the observed data are consistent with an error rate for the whole population that is three times greater than that observed in the sample. The same upper confidence bound applies to UNE Non-Design, < 10 Circuits, Dispatch orders for the same observed error rate of 2.7%.

12. BellSouth's service order accuracy data are even more inadequate for estimating the error rate for non-mechanized orders. In this regard, this Commission has found that manually-processed orders are subject to more errors than fully-mechanized orders. *New York 271 Order* ¶ 171. In its *March 1 Ex Parte,* BellSouth reported an error rate of 0.0%

for non-mechanized orders for Resale Residence < 10 Circuits, Non-Dispatched. However, these results are based on a review of just 17 orders out of, perhaps, tens of thousands--the exact number being unknown due to the problem mentioned above. With only 17 orders, the 95-percent confidence interval for the true overall error rate reaches 16.1%. As a consequence, even perfect accuracy on the few observed non-mechanized orders does not rule out an error rate of 16 percent. The confidence intervals stretch even higher when the sampled orders are less then perfect. For non-mechanized orders in the product classification UNE Non-Design < 10 Circuits, Non-Dispatched, there was one error observed in twenty-two orders for an observed error rate of 4.55%. Because the sample size is so small, the upper confidence bound for non-mechanized orders is 19.8% — almost four times the benchmark error rate.

13. In Attachment 8 to its *March 14 Ex Parte,* BellSouth attempts to justify its performance failures in the area of missed repair appointments from October through December 2001 for Dispatched, Non-Designed 2 Wire Analog Loops. BellSouth states that, "the major reason for the disparity with the retail analogue is the small volume of CLEC reports." However, the data are clearly inconsistent with parity service.

14. Attachment 8 sets forth exact results for CLEC trouble reports in each month, but only a range of missed repair appointment rates for BellSouth's reports. Based on Fisher's exact test for proportions, the results for CLEC customers are significantly worse than those for retail customers at the 5-percent level in November, may be significantly worse in December (depending on the exact BellSouth results for that month), and are close to being significant ($P < 0.07$) in December. When data are accumulated across the three months, the pattern of substandard performance is compelling. Across the three months, the missed repair appointment rate for CLEC customers is over 11%, compared with under 2% for BellSouth retail

customers. Fisher's exact test gives a P-value of less than 0.0008 for a test of parity. Even if the January 2002 data are included, the Fisher P-value is still less than 0.006. As the name implies, Fisher's exact test gives exact P-values for all sample sizes. The fact that the results are statistically significant even for these small sample sizes confirms the existence of a substantial disparity in performance during these months.

15. In its *March 14 Ex Parte,* BellSouth also attempts to dismiss its failure to meet the parity standard for repeat troubles. In attempting to justify the higher rates of CLEC repeat troubles during October, November, and December 2001, BellSouth states that, "the major reason for the disparity with the retail analogue is the small volume of CLEC reports." Again, the consistent pattern of poor performance belies that explanation. When data are accumulated across the three months, Fisher's exact test gives a P-value of about 0.002 for a test of parity.

I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on March 28, 2002

Robert M. Bell

TAB B

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1. My name is Cheryl Bursh. I am currently employed by AT&T as a District Manager.

2. My name is Sharon E. Norris. I currently serve as a consultant with SEN Consulting, Inc.

3. As part of AT&T's opening comments in CC Docket No. 01-277, we jointly filed with the Commission initial and reply declarations. In addition, Ms. Norris also submitted a separate declaration on KPMG's third party test of BellSouth's Operational Support Systems ("OSS"). As part of AT&T's opening comments in CC Docket No. 02-35, we jointly filed with the Commission a supplemental declaration.[1]

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[1] *See* Declaration of Cheryl Bursh and Sharon Norris filed October 19, 2001, in CC Docket No. 01-277 ("Bursh/Norris Decl."); Reply Declaration of Cheryl Bursh and Sharon Norris filed November 13, 2001, in CC Docket No. 01-277 ("Bursh/Norris Reply Decl."); Declaration of Sharon E. Norris filed October 19, 2001 in CC Docket No. 01-277 ("Norris Decl."); Joint Supplemental Declaration of Cheryl Bursh and Sharon Norris filed March 4, 2002, in CC Docket No. 02-35 ("Bursh/Norris Suppl. Decl."). These declarations describe our respective employment histories, current responsibilities and educational backgrounds.

I. PURPOSE AND SUMMARY OF DECLARATION

4. The purpose of this Supplemental Reply Declaration is to respond to the comments filed in this proceeding, including the comments filed by the Louisiana Public Service Commission ("LPSC"), the Georgia Public Service Commission ("GPSC"), and the Department of Justice ("DOJ"), as well as BellSouth's *ex parte* letters.[2] Specifically, this Supplemental Reply Declaration addresses the comments filed in this proceeding regarding the performance measurements, data, and enforcement plans on which BellSouth relies to support its application.

5. The comments confirm that: the performance measurements on which BellSouth relies, as defined or implemented, do not capture actual performance; BellSouth's data are inaccurate and unreliable; the metrics audits that have been conducted to date provide no sound basis for BellSouth's conclusions that its data are trustworthy; BellSouth's data, coupled with CLEC experience, establish that BellSouth has not met its statutory obligations; and BellSouth's performance remedy plans provide no assurance that BellSouth will comply with it statutory obligations in the wake of Section 271 relief. The findings reached by the GPSC and LPSC are contrary to the weight of this evidence.

II. BELLSOUTH'S PERFORMANCE DATA ARE UNRELIABLE.

A. BellSouth's Performance Measurements

6. As AT&T has explained, accurate and complete performance measurements reflecting actual performance are essential to Section 271 analysis. Bursh/Norris Decl. ¶¶ 12-13; Bursh/Norris Reply Decl. ¶¶ 7-8. However, BellSouth's performance data are

[2] In this Supplemental Reply Declaration, we will address certain issues raised in the following BellSouth *ex parte* letters: *Ex Parte* from Kathleen Levitz to Magalie Salas dated March 1, 2002 *("March 1 Ex Parte") Ex Parte* from Kathleen Levitz to William Caton dated March 14, 2002 *("March 14 Ex Parte")*; *Ex Parte* from Jonathan B. Banks to William Caton dated March 15, 2002 *("March 15 Ex Parte")*; *Ex*

unreliable because the performance measurements on which they are based are inherently deficient and do not accurately capture BellSouth's performance. Bursh/Norris Reply Decl. ¶ 7; Bursh/Norris Supp. Decl. ¶¶ 95-102; WorldCom at 2. The GPSC and LPSC sidestep these issues by asserting that matters regarding any deficiencies in the measurements are being resolved in various workshops.[3] These arguments are wide of the mark.

7. Many of the concerns that AT&T and other CLECs have raised regarding the deficiencies in BellSouth's performance measures are unresolved. In this regard, in its *March 14 Ex Parte* BellSouth purports to describe all of the disputes regarding BellSouth's measurements which have been discussed during workshops and industry conference calls. *March 14 Ex Parte,* Attachment 1. Noting that there are only nine measurements as to which there is any disagreement between the parties, BellSouth tries to leave the clear impression that there are relatively few metrics disputes requiring resolution. This simply is not true.

8. BellSouth's *March 14 Ex Parte* glaringly omits numerous metrics disputes that are the subject of ongoing discussions. The following are examples of some of the issues which are conspicuously absent from BellSouth's filing:

- Although BellSouth's March 14 *Ex Parte* states that there are no areas of disagreement between the parties regarding OSS - 1: Average Response Time and Response Interval (Pre-Ordering/Ordering), BellSouth rejected the CLECs' recommendations to exclude "syntactically incorrect queries" from and to include rejected queries in this measure.

- BellSouth omits any reference to its rejection of the CLECs' recommendation of a benchmark of 98% within 15 minutes for the O-1: Acknowledgment Message Timeliness measure.

Parte from Kathleen Levitz to William Caton dated March 27, 2002 *("March 27 Ex Parte").*

[3] *See, e.g.,* LPSC at 2 (noting that the LPSC "has continued its efforts...to address issues concerning BellSouth' service quality performance measures"); GPSC at 30-31 (noting that its "regular review of the performance measurements and enforcement plan" will assure that BellSouth's data are accurate).

- BellSouth fails to note that the CLECs rejected BellSouth's position that LSRs identified and classified as projects should be excluded from the O-8: Reject Interval measure.

- BellSouth's fails to reference its refusal to include missed installation appointments occurring after the first miss when calculating results for P-3: Percent Missed Installation and Appointments. BellSouth also fails to mention its rejection of the CLECs' proposal to include the time of day when calculating time-specific appointments.

- BellSouth fails to note that CLECs did not agree with BellSouth's recommendation that the P-7B Coordinated Customer Conversions - Average Recovery Time measure should be classified as diagnostic. Indeed, CLECs recommended a benchmark of 98% with 1 hour for this measure.

- BellSouth omits any reference to BellSouth's rejection of the CLECs' proposal regarding the appropriate benchmark for P-7C Hot Cut Conversions - Provisioning Troubles Received within 7 Days of a Completed Service Order.

- BellSouth fails to mention that it has not accepted the CLECs' recommendation of a benchmark of 99.5% for the P-8: Cooperative Acceptance Testing - % of xDSL Loops Successfully Passing Cooperative Testing.

- BellSouth omits any reference to the CLECs' rejection of BellSouth's recommendation to exclude troubles coded "No Trouble Found" from P-9: Provisioning Troubles Within 30 Days of Service Order Completion. Indeed, CLECs rejected BellSouth's recommendation because of continuing concerns about trouble tickets that are closed prematurely to "No Trouble Found." CLECs also have expressed concerns about the potential for BellSouth's abuse of the CPE exclusion as a vehicle for excluding real troubles. CLECs also discussed that the retail analog for UNE-P should at least be POTs services or feature changes that would not require the disconnection of the customer.

- BellSouth does not reference the CLECs' rejection of BellSouth's recommendation to exclude troubles Coded "No Trouble Found" when calculating: M&R-1: Missed Repair Appointments; M&R-3 Maintenance Average Duration; M&R-4 Percent Repeat Trouble Within 30 Days; and M&R-5: Out of Service (OOS) > 24 Hours. The CLECs also expressed concerns regarding the potential for BellSouth's abuse of the CPE exclusion in calculating results for these measures.

- BellSouth fails to mention that, with respect to a new measure, CM-6: Percent Software Errors Corrected in X Business Days, the CLECs and BellSouth have not agreed on intervals and are attempting to change the intervals through the Change Control Taskforce. Furthermore, BellSouth's submission fails to mention the CLECs' position that additional measures are needed to evaluate the frequency of BellSouth's timely implementation of changes.

9. The foregoing are illustrative examples of some of the metrics disputes which remain unresolved and which are omitted in BellSouth's *March 14 Ex Parte.* It remains unclear whether the ultimate resolution of these metric issues will assure accuracy in reported results. In all events, the GPSC is incorrect in suggesting that these ongoing workshops somehow buttress its assertion that BellSouth's data are accurate. *See* GPSC at 31-32. These ongoing workshops, while helpful, are not a suitable surrogate for reliable data based upon measurements capturing accurate performance results. Bursh/Norris Supp. Decl. ¶¶ 96-97. Since BellSouth is relying on performance data to prove that it has satisfied its Section 271 obligations, it bears the burden of demonstrating that its measurements capture actual performance. BellSouth cannot satisfy and has not satisfied that basic test.

B. Unilateral Modifications

10. As we explained in our opening comments, BellSouth's data are unreliable because it has improperly implemented measures approved by the GPSC. Bursh/Norris Decl. ¶ 70. Bursh/Norris Reply Decl. ¶ 7. One example of BellSouth's improper implementation is its unilateral decision to change the service order accuracy measure. The comments confirm that both the timing and the nature of BellSouth's unilateral changes to its service order accuracy measurement are highly suspect. Bursh/Norris Supp. Decl. ¶ 105; Birch at 10-12; DOJ Eval. at 13-14. Indeed, BellSouth's substantial revisions were made unilaterally, without CLEC input, and after it filed its application. Birch at 12; Bursh/Norris Supp. Decl. ¶¶ 106-107; DOJ Eval. at 13-14.

11. The GPSC's assertion that BellSouth discussed all of these changes during workshops is incorrect. GPSC at 19 n. 17. As Birch correctly observes, during the workshops, BellSouth never informed "participants that the measurement was undergoing significant changes." Birch at 12. Moreover, BellSouth's unilateral redefinition of the service order

accuracy measurement is consistent with its practice of modifying performance measures whenever it suits it purposes. Bursh/Norris Supp. Decl. ¶ 106; Birch at 12. As Birch correctly asserts, "BellSouth's habit of making unilateral and unauthorized changes to performance measurements undermines the credibility in which it produces performance measurement data" and renders "evaluation and verification of BellSouth performance reporting" extremely difficult. Birch at 12. And as the DOJ aptly notes, the Commission and state regulatory agencies cannot reasonably "be expected to determine that BellSouth has continued to meet its obligations pursuant to Section 271 if BellSouth can unilaterally change metrics without notice to or input from intended parties." DOJ Eval. at 13-14.

12. The GPSC asserts that BellSouth's modifications to the service order accuracy measure "were appropriate as they bring BellSouth's reporting more closely in conformity with the requirements of the SQM." GPSC at 19 n. 17. However, BellSouth's modifications are inconsistent with the SQM. Indeed, the SQM does not state that performance results for this measure are to be reported on a region-wide basis. Thus, the SQM provides no support for BellSouth's unilateral decision to change the service order accuracy measure from a state-wide to a regional metric.

13. Additionally, the GPSC's and BellSouth's assertions that the modifications to the service order accuracy measure have enhanced the accuracy of performance reporting are demonstrably unsound. *See* GPSC at 19 n. 17. For example, BellSouth claims that its revised methodology will "[i]mprove the statistical validity of the sample" and increase the volume of sampled orders. *March 15 Ex Parte*, Attachment at 3-4. The GPSC apparently concurs with BellSouth's assessment. GPSC at 19 n. 17. However, by changing the service accuracy measure from a state-specific to a regional measure, BellSouth's actual performance in

Georgia is now obscured. *See* Bell Supp. Decl. ¶¶ 5-6; Bell Supp. Reply Decl. ¶ 5; Bursh/Norris Supp. Decl. ¶ 108. Additionally, because BellSouth has "[r]efocused the SOA measurement to include only sampled SOs," it is no longer evaluating all service orders associated with the LSR. *March 15 Ex Parte*, Attachment at 3; Bursh/Norris Supp. Decl. ¶¶ 108-109. Thus, under BellSouth's new methodology, processing errors that would be reflected in multiple service orders associated with the LSR can go undetected in BellSouth's performance data. Bursh/Norris Supp. Decl. ¶ 112.

14. Although BellSouth claims that it changed the service order accuracy measure to *increase* the volume of sampled orders, as we pointed out in our Joint Supplemental Declaration, the number of sampled orders under BellSouth's new methodology has *declined* in many instances. Bursh/Norris Supp. Decl. ¶ 110, Attachment 35; Bell Supp. Decl. ¶¶ 6-7. Furthermore, as Dr. Bell explains in his Supplemental Reply Declaration, because of the small sample sizes that BellSouth uses to calculate service order accuracy results, there is a significant risk that BellSouth's actual error rates may be greater than its reported results. Bell Supp. Reply Decl. ¶¶ 9-12.

15. BellSouth's reported results under its prior, as well as the revised methodology, are unreliable in other important respects. By BellSouth's own admission, its reported results prior to November 2001 are inaccurate because: (1) "[t]he Dispatch vs. Non-Dispatch levels of disaggregation were not statistically valid;" and (2) "[d]ata samples did not include all [of] the current products, most notably UNE-P." *March 15 Ex Parte,* Attachment at 2-3. Indeed, when calculating its service order accuracy results, BellSouth failed to sample orders for any number of products, including 2 wire analog loops, UNE Other Design, and UNE Other Non-Design orders. *Id.* at 5. Critically, KPMG failed to uncover these errors

during the first audit and found that BellSouth's data on service order accuracy passed the data integrity test. In addition, the service order accuracy measure was never tested in the second audit. KPMG's failure to detect these errors illustrates the lack of merit in the GPSC's assertion that any measure that "has already been audited by KCI at least once as part of the first two audits" (GPSC at 29) "should provide the FCC ample assurance of the reliability of BellSouth's performance data" (*id.* at 28).

16. BellSouth's claimed improvements in its service order accuracy rates also border on the frivolous. *See* GPSC at 18; AT&T at 20; Birch at 12-13. The significant increases in BellSouth's service order accuracy rates since November 2001 are simply a function of BellSouth's new methodology, rather than any actual improvement in performance. DOJ Eval. at 13 n. 57; Birch at 10. Furthermore, as Birch correctly points out, BellSouth's inclusion of fully-mechanized orders when calculating performance results skews BellSouth's performance. Birch at 10-11. As this Commission has found "manually-processed orders are more prone to error than orders that are processed automatically." *New York 271 Order* ¶ 171. BellSouth's *March 1 Ex Parte* confirms as much. In this submission BellSouth reports that its service order accuracy rates for January are 2.13% and 5.26% for fully-mechanized and non-mechanized orders, respectively.

17. Equally flawed is the GPSC's assumption that the inclusion of the service order accuracy measure in the performance remedy plan will provide "additional incentive for BellSouth's service order accuracy performance to continue to improve." GPSC at 19. The fundamental infirmities in BellSouth's methodology used to calculate service order accuracy results effectively permit BellSouth to conceal performance failures. Birch at 13. These problems are further compounded by the structural defects in the performance remedy plans

which prevent them from serving as effective deterrents against anticompetitive conduct. Bursh/Norris Decl. ¶ 125-162.

18. BellSouth's recent filings with this Commission raise additional issues which call into question the reliability of BellSouth's reported results. BellSouth's *March 1 Ex Parte* includes two charts that purportedly report separately on BellSouth's service order accuracy rates for fully-mechanized and non-mechanized orders. *March 1 Ex Parte* at 2-3. The charts contain the following columns: (1) population (which appears to represent the total number of service orders associated with product category); (2) volume (which appears to reflect the number of sampled service orders; (3) errors; and (4) error rate. Notably, although both charts ostensibly provide separate data on mechanized and non-mechanized orders, the numbers reported under the Population column are *identical* in both charts. Because the populations reported in the charts are not disaggregated by mechanized and non-mechanized orders, it is impossible to determine the precise impact that the inclusion of mechanized service orders has on overall results. However, as noted above, it is inescapably clear that the inclusion of fully-mechanized orders in service order accuracy results overstates BellSouth's actual performance.

19. Additionally, the populations reported in BellSouth's *March 15 Ex Parte* service order accuracy raise other questions regarding the reliability of its data. BellSouth's *March 15 Ex Parte* includes a chart that identifies the total population or universe of orders from which sample orders were drawn to calculate service order accuracy results from September 2001 through January 2002. *March 15 Ex Parte,* Attachment 1. It is unclear whether there is a 30 day lag period for this measure. As a consequence, it is unclear whether the data in this chart for January reflect the service order accuracy populations of those orders that were completed in

December or January. Because it is unclear whether BellSouth's service order data lag by a month, AT&T has conducted an analysis using both December and January data.

20. In this regard, AT&T compared BellSouth's December and January reported service order accuracy populations against the December service order volumes identified in BellSouth's missed appointment installations data for the combined nine states. This comparison is appropriate because the business rules indicate that: (1) performance results for these measures should be based upon a common set of data (*i.e.* orders completed in the reporting period); and (2) the same exclusions apply to both measures *(i.e.* cancelled orders, record orders, listing orders, test orders, and D&F orders). This comparative analysis (which is set forth in the chart attached as Attachment 1) reveals that there are substantial discrepancies in the populations reported in BellSouth's service accuracy results and its missed appointment installation data. Indeed, the differences in the populations reported are as high as 110% for Resale Design, 80% for UNEs, and 40% overall. Such discrepancies further illustrate that BellSouth's performance data are untrustworthy.

C. Data Repostings

21. The comments confirm that BellSouth's pattern of restating erroneous performance reports demonstrates that BellSouth's reporting processes are neither stable nor reliable. Bursh/Norris Decl. ¶¶ 90-91; Bursh/Norris Supp. Decl. ¶ 14; DOJ Initial Eval. at 34. Although BellSouth asserts that the accuracy and stability of its data are demonstrated by the fact that it restated no performance results from September through December 2001, the comments show that BellSouth has, in fact, restated performance reports, and even its restated results are inaccurate. Bursh/Norris Supp. Decl. ¶ 16; Network at 2-3. Thus, the "reduced number of restatements is not proof that the underlying problems that led to the former pattern of

restatements have been resolved or that the current data are accurate." DOJ Eval. at 18-19 (footnote omitted).

D. Other Data Integrity Concerns

22. In our prior declarations we explained that the numerous discrepancies and inconsistencies in BellSouth's performance data as well as BellSouth's error-ridden performance monitoring and reporting processes, demonstrate that BellSouth's performance data cannot be trusted. Bursh/Norris Reply Decl. ¶¶ 13-39; Bursh/Norris Supp. Decl., ¶¶ 72-102. In a footnote, the GPSC categorically rejects all of the data integrity issues AT&T has raised. GPSC at 31 n. 23.

23. In this regard, the GPSC asserts that many of the issues AT&T has raised have "nothing to do with the integrity of BellSouth's data" and contends that AT&T's other arguments evidence "a lack of familiarity with BellSouth's SQM." *Id.* at 31-32 n. 23. Notably, the GPSC reached the same finding in its initial evaluation of BellSouth's application. *See* Bursh/Norris Reply Decl. ¶ 15. However, as AT&T pointed out, in reaching this finding, GPSC accepted at face value the testimony presented by BellSouth's witness -- testimony that was belied by the SQM, BellSouth's own admissions and BellSouth's own performance data. *Id.* Moreover, although the GPSC claims that AT&T's data integrity arguments are meritless, the GPSC ignores that: (1) BellSouth contends that it conducts data reconciliations when it agrees that a "valid" data integrity issue exists; and (2) BellSouth has conducted and is conducting such reconciliations in response to AT&T's legitimate challenges regarding the accuracy of BellSouth's data. *March 27 Ex Parte* at 1.

24. In describing the data reconciliations it is performing with AT&T, BellSouth claims that it "will conduct data reconciliations upon request" when there is "agreement" that a "valid" issue exists. *March 27 Ex Parte* at 2. However, AT&T repeatedly

requested to meet with BellSouth to discuss its data integrity concerns, but BellSouth steadfastly ignored these requests for months. Furthermore, BellSouth has not provided LSR or PON specific data to support its responses to AT&T's arguments -- information that is essential to the data reconciliation process. Moreover, it was only *after* AT&T raised these issues under the auspices of the Georgia workshop that BellSouth indicated a willingness to meet at some future time.

25. To date, many of AT&T's data integrity concerns remain unresolved.[4] Thus, for example, in its opening comments, AT&T pointed out that BellSouth's performance data are inaccurate because BellSouth inappropriately excludes completion notices when orders are completed in one month, but the completion notice is issued in another. Bursh/Norris Reply Decl. ¶ 53. This defect in BellSouth's data has not been corrected yet.

26. Similarly, AT&T explained that BellSouth has given conflicting and implausible explanations regarding the lack of any completion notices for orders submitted directly into SOCS. Bursh/Norris Supp. Decl. ¶¶ 86-87. This too is unresolved.

27. AT&T has previously explained that its orders were missing from BellSouth's completion notice data. Bursh/Norris Supp. Decl. ¶¶ 80-81. AT&T has reviewed the January Average Completion Notice Interval and Order Completion Interval raw data files to determine if BellSouth has implemented the data integrity fixes scheduled for January to resolve these problems. Unfortunately, AT&T's orders are still missing from BellSouth's completion notice data. In particular, AT&T has identified numerous orders that have been classified as projects which are excluded from BellSouth's provisioning data for these two metrics.

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[4] *See* Chart titled "Open Data Integrity Issues" attached to *Ex Parte* from Joan Marsh to William Caton dated March 27, 2002 *("March 27 AT&T Ex Parte")*.

28. The comments confirm that BellSouth has improperly calculated its jeopardy notice interval. Bursh/Norris Supp. Decl. ¶ 89. Indeed, even BellSouth has conceded that its jeopardy notice interval results are inaccurate. *Id.* Although BellSouth previously claimed that it would correct this defect in its reports commencing with its January 2002 data, it has yet to do so.

29. Furthermore, BellSouth still has not resolved AT&T's complaints regarding the discrepancies in the volumes reported in BellSouth's Flow-Through Report and Acknowledgment raw data. Bursh/Norris Supp. Decl. ¶ 75. BellSouth has offered AT&T conflicting and inconsistent explanations for this data discrepancy. In that connection, BellSouth informed AT&T that AT&T's comparison of order volumes was invalid because AT&T did not consider fatal rejects and LNP orders in its analysis. BellSouth also explained that the EDI volumes would not match and should not match because "EDI returns one acknowledgment per transmission (or envelope) even though the transmission may contain multiple LSRs;" whereas the flow-through report provides information at the LSR level. *Id.* at ¶ 76. This argument is erroneous because AT&T receives acknowledgements for individual LSRs it sends to BellSouth. *Id.*

30. Additionally, BellSouth claimed that the LSR volumes for TAG and LENS reported in the Acknowledgment raw data file and the Flow-Through report should not match because "TAG returns acknowledgments on messages related to pre-order activity, which are not reflected on the Flow-Through report." *Id.* BellSouth's explanation does not ring true for the UNE-P orders that AT&T referenced in its correspondence to BellSouth on these issues. *Id.* at ¶ 77. In this regard, UNE-P pre-ordering activity is conducted within the actual LSR that is sent to BellSouth via LENS; therefore, no additional acknowledgments for pre-order activity

should be associated with such orders. Taking BellSouth's explanation at face value, there should be pre-order acknowledgements in TAG for every LSR that is sent *via* EDI. Based upon AT&T's examination of its December data, this clearly is not the case. Thus, BellSouth's explanations regarding the discrepancies in volumes reflected in its reports are inconsistent with its own data. *Id.* AT&T has conducted another analysis on LNP and fatal rejects and has found that there are still discrepancies in the volumes of orders.

31. And, unfortunately, BellSouth still has not provided the raw data for directory listings orders for provisioning measures, as well as the raw data needed to verify the propriety of BellSouth's exclusion of LSRs classified as projects for its ordering metrics.

32. The data integrity issues which remain unresolved are neither trivial nor insignificant. However, even if these issues ultimately are resolved satisfactorily, BellSouth cannot escape the fact that the data on which it presently relies to support its applications are unreliable because of the data integrity issues that AT&T has previously discussed.

III. KPMG'S AUDITS DO NOT DEMONSTRATE THAT BELLSOUTH'S DATA ARE RELIABLE AND ACCURATE.

33. The comments confirm that, notwithstanding BellSouth's and the GPSC's statements to the contrary, the metrics audits conducted by KPMG in Georgia and KPMG's Revised Interim Status Report do not prove that BellSouth's data are accurate and trustworthy. *See, e.g.,* GPSC at 29; Covad at 14-15; Bursh/Norris Supp. Decl. ¶¶ 24-25; DOJ Eval. at 20. As noted above and in the opening comments, KPMG's first two metric audits failed to uncover then-existing deficiencies in BellSouth's performance data. Bursh/Norris Reply Decl. ¶ 40; DOJ Initial Eval. at 32 n. 109. Additionally, the first two metrics audits involved an examination of aged data; and the performance measurement and standards, as well as BellSouth's systems, have undergone dramatic changes since those audits were conducted. DOJ Eval. at 20;

Bursh/Norris Supp. Decl. ¶¶ 27, 32. Even BellSouth has conceded (albeit in other contexts) that its current performance cannot fairly be evaluated based upon aged data or performance standards that have changed substantially after testing is completed. Bursh/Norris Supp. Decl. ¶ 28. For these reasons, the first two metrics audits conducted in Georgia do not and cannot prove that BellSouth's data are reliable.

34. KPMG's testing conducted to date has revealed data integrity and replication problems that are reflected in open exceptions.[5] Although the GPSC suggests that the number of open exceptions in Georgia demonstrates that BellSouth's data are accurate, the GPSC is wrong. GPSC at 29. The DOJ is clearly correct when it states that "the number of open exceptions and unsatisfied test criteria in past phases do not provide a basis for predicting that other significant issues will not be discovered during the third phase." DOJ Eval. at 20.

35. Importantly, the Phase III audit is far from complete. The data replication test is only 52% complete; and KPMG recently explained that it has tested only 10% of the measures that must be evaluated during the data integrity segment. Thus, it remains to be seen whether "other significant issues will. . . be discovered during the third phase." DOJ Eval. at 20.

36. The comments also confirm that the Florida metrics audit, which is far from complete, has uncovered substantial problems regarding the accuracy and reliability of BellSouth's performance data. Bursh/Norris Supp. Decl. ¶¶ 51-71; Covad at 14-15. These problems are reflected in numerous open exceptions and observations.[6]

37. KPMG has now projected that the Florida data replication and data integrity tests will not be completed until July 31, 2002. Given the significant data integrity and

[5] *See* Chart titled "Georgia Published Exceptions" attached to the *March 27 AT&T Ex Parte*.

[6] *See* Chart titled "Florida OSS Test Open Observations and Exceptions Performance Measures" attached to the *March 27 AT&T Ex Parte*.

metrics issues that have been uncovered in Georgia and Florida to date and the substantial testing that remains to be done, BellSouth cannot reasonably contend that the first two metrics audits in Georgia and KPMG's Revised Interim Status Report are incontrovertible proof that its data are accurate or that any remaining testing is superfluous.

IV. THE DATA SHOW THAT BELLSOUTH HAS NOT SATISFIED ITS STATUTORY OBLIGATIONS.

38. As we explained in our Supplemental Application, BellSouth's performance failures are apparent on the face of BellSouth's own inadequate and incomplete data. Bursh/Norris Supp. Decl. ¶ 103-137. The comments also confirm that BellSouth has not satisfied its Section 271 obligations during the pre-ordering, ordering, provisioning, maintenance and repair and billing processes. WorldCom at 2, 26-34; Birch at 7-8, 12-13, 15-17; Mpower at 12-14, 17-18; Network at 1-6; US LEC and XO Georgia at 6-8, 28-29, 36-37; Xspedius at 4-9.

39. Invariably, when BellSouth is confronted with its own data demonstrating performance failures, BellSouth promises to improve its performance or dismisses the significance of these failures or ascribes its misses to CLEC conduct or factors beyond its control. Bursh/Norris Supp. Decl. ¶¶ 127, 138-139. However, BellSouth's arguments are meritless. BellSouth's unfulfilled paper-promises are entitled to no weight in this proceeding, and its excuses are unsupported and unsupportable.

40. For example, BellSouth has repeatedly failed to meet the benchmark standard for the FOC and Reject Response Completeness-Multiple Responses measure. As the attached January Georgia data show, BellSouth misses this measure frequently, by wide margins, for any number of product categories. *See* Attachment 2. This measure is designed to assess the extent to which BellSouth issues more than one FOC or rejection on the same version of an LSR.

41. Attempting to downplay the significance of its performance failures in this area, BellSouth contends that the FOC and Reject Response Completeness-Multiple Responses measure is not meaningful because "[m]ultiple FOCs may be returned for legitimate reasons," such as when FOCs are returned at CLEC request. *March 14 Ex Parte*, Attachment 12. BellSouth also contends that the measurement is not useful for assessing the extent to which BellSouth issues "double FOCs" because the measure captures both duplicate rejections and FOCs. *Id.* BellSouth's arguments cannot withstand analysis.

42. The reality is that, in the vast majority of cases, BellSouth issues multiple inaccurate or incomplete FOCs or spurious rejections which cause CLECs to expend considerable time, money and effort to understand and handle these erroneous status notices. The occasions on which BellSouth has a legitimate reason for returning multiple status notices on a single version of an LSR are few and far between. Furthermore, the benchmark for this measure is set at 95%, which leaves considerable room for errors and conditions as to which BellSouth would not be held accountable. Moreover, if BellSouth truly believed that its performance on this measure is somehow skewed because of the inclusion of multiple status notices that are returned to CLECs for legitimate reasons, it could have provided this Commission with verifiable, empirical data showing what its actual performance would have been if such notices were excluded from its performance results. In the absence of such verifiable evidence, BellSouth's rationalizations are nothing more than unsubstantiated allegations.

43. Equally infirm is BellSouth's argument that this measure is not useful in assessing the extent to which BellSouth issues double FOCs to CLECs. Although it is certainly true that the measure captures both FOC and rejections, as BellSouth well knows, if any measure

is missed for two of three months, the GPSC requires a root cause analysis of the problem. This root cause analysis should elucidate with clarity which of the performance misses were attributable to multiple FOCs and the reasons why these status notices were issued.

44. BellSouth's attempts to diminish the significance of its performance failures in the area of maintenance and repair are equally unavailing. Conceding that its own performance data show that it missed the repair appointments measure for three consecutive months from October through December 2001 for 2 Wire Analog Loop Non-Design dispatch orders, BellSouth contends that "[t]he major reason for the disparity with the retail analogue is the small volume of CLEC reports." *March 14 Ex Parte,* Attachment 8. However, as explained in the Supplemental Reply Declaration of Robert M. Bell, BellSouth's analysis is fundamentally flawed. As Dr. Bell explains, the application of Fisher's exact test for proportions reveals that BellSouth's performance data are consistent with a lack of parity condition.

45. Similarly, in an attempt to divert attention from its performance misses on the measurement of % Repeat Troubles within 30 days, BellSouth again attributes "its parity failure to the small volume of CLEC reports." *March 14 Ex Parte*, Attachment 8. This explanation is equally flawed. As Dr. Bell explains in his Supplemental Reply Declaration, BellSouth's rationalization is not only belied by its chronic performance failures in this area, but also by Fisher's exact test which confirms that BellSouth has provided preferential treatment to its retail customers in responding to trouble reports.

46. Conceding that its own data show that its repeat trouble report rates for certain CLEC orders exceeded those for its retail customers from October through December 2001, BellSouth attempts to dismiss these results by stating that a number of the CLEC trouble reports ultimately were closed with no trouble being found. *March 14 Ex Parte,* Attachment 8 at

2. BellSouth's unsubstantiated assertions should not be accepted at face value. Indeed, during workshops in Georgia and Florida, the CLECs have complained that BellSouth frequently closes CLEC trouble tickets with a "No Trouble" finding, even when CLEC customers experienced out-of-service conditions that were caused by BellSouth.

47. In all events, BellSouth's unfulfilled paper promises, unsubstantiated rationalizations and highly partisan self-analyses cannot obscure the fact that there is no sound basis upon which any finding can be reached that BellSouth's performance data prove that it has fulfilled its statutory obligations.

V. THE PERFORMANCE REMEDY PLANS ARE INADEQUATE TO DETER BACKSLIDING.

48. Both the GPSC and LPSC suggest that the performance remedy plans will compel BellSouth to correct any existing performance deficiencies and deter BellSouth from engaging in anticompetitive conduct in the future. *See* GPSC at 19; LPSC at 2. *See also* LPSC Eval. at 62. The PSCs' reliance on this slender reed is misplaced. Only the powerful lure of Section 271 approval, rather than the monetary incentives of the remedy plans, will be effective in ensuring BellSouth's compliance with its statutory obligations. Indeed, the performance remedy plans glaringly omit important metrics, impose insufficient financial penalties, and contain structural defects which virtually guarantee that BellSouth will suffer no significant financial consequences for plainly discriminatory conduct. Bursh/Norris Decl. ¶¶ 118-162. Even if the remedy plans did not contain these significant defects, the unreliability of BellSouth's performance data which serve as the basis for remedies payments would taint the effectiveness of the performance remedy plans. Further complicating matters is the fact that BellSouth's compliance with its deficient performance enforcement plans has never been verified. KPMG reported during a status call on March 20, 2002 that its evaluation of SEEM is

only 15% complete. Thus, at this juncture, it remains unclear whether there are significant deficiencies in BellSouth's implementation of SEEM.

CONCLUSION

49. BellSouth bears the burden of demonstrating that its performance data are accurate and reliable, and that those data show that it has complied with its Section 271 obligations. In reality, what BellSouth has actually *demonstrated* in this proceeding is the following:

- BellSouth's performance measures are unreliable because they fail to capture actual performance;
- BellSouth's performance data are inaccurate and untrustworthy;
- BellSouth's performance data show that its performance monitoring systems and processes are unstable;
- The metrics audits that have been conducted to date in Georgia and Florida have unearthed substantial problems regarding metrics replication and data integrity issues; and those audits are far from complete;
- BellSouth's own flawed and inadequate data show that it has failed to provide access to its OSS on a nondiscriminatory basis;
- BellSouth relies on a seemingly unending string of promises of future performance, as well as fundamentally flawed performance assurance plans, to demonstrate present compliance with Section 271 standards; and
- BellSouth's implementation of its deficient performance remedy plans has not been verified.

50. Given this pool of evidence, the current record provides no basis for BellSouth's assertions that it has satisfied it statutory obligations. The Commission must and should reject BellSouth's application.

ATTACHMENT 1

Attachment 1

	3/15/02 Ex Parte using January 02 reported SOA population	12/01 MSS Report Missed Installation Appointment	Difference	% Difference
Resale Residence	137,639	140,068	2,429	2%
Resale Business	5635	6,047	412	7%
Resale Design	168	353	185	110%
UNE	99,319	179,046	79,727	80%
Total	242,761	325,514	82,753	34%

	3/15/02 Ex Parte using December 01 reported SOA population	12/01 MSS Report Missed Installation Appointment	Difference	% Difference
Resale Residence	140,535	140,068	467	.01%
Resale Business	6,647	6,047	600	9%
Resale Design	186	353	167	89%
UNE	85,348	179,046	93,698	110%
Total	232,716	325,514	92,798	40%

ATTACHMENT 2

FOC & Reject Response Completeness (Multiple Responses) - Mechanized

O-11	Switch Ports/EDI/GA(%)	>= 95%			
O-11	Switch Ports/TAG/GA(%)	>= 95%			
O-11	Local Interoffice Transport/EDI/GA(%)	>= 95%			
O-11	Local Interoffice Transport/TAG/GA(%)	>= 95%			
O-11	Loop + Port Combinations/EDI/GA(%)	>= 95%	87.06%	35,821	NO
O-11	Loop + Port Combinations/TAG/GA(%)	>= 95%	89.04%	19,997	NO
O-11	Combo Other/EDI/GA(%)	>= 95%			
O-11	Combo Other/TAG/GA(%)	>= 95%			
O-11	xDSL (ADSL, HDSL and UCL)/EDI/GA(%)	>= 95%	99.41%	170	YES
O-11	xDSL (ADSL, HDSL and UCL)/TAG/GA(%)	>= 95%	100.00%	99	YES
O-11	ISDN Loop (UDN, UDC)/EDI/GA(%)	>= 95%	100.00%	2	YES
O-11	ISDN Loop (UDN, UDC)/TAG/GA(%)	>= 95%	100.00%	8	YES
O-11	Line Sharing/EDI/GA(%)	>= 95%	63.36%	131	NO
O-11	Line Sharing/TAG/GA(%)	>= 95%	85.98%	107	NO
O-11	2W Analog Loop Design/EDI/GA(%)	>= 95%	73.86%	241	NO
O-11	2W Analog Loop Design/TAG/GA(%)	>= 95%	75.47%	53	NO
O-11	2W Analog Loop Non-Design/EDI/GA(%)	>= 95%	0.00%	1	NO
O-11	2W Analog Loop Non-Design/TAG/GA(%)	>= 95%	96.68%	211	YES
O-11	2W Analog Loop w/INP Design/EDI/GA(%)	>= 95%			
O-11	2W Analog Loop w/INP Design/TAG/GA(%)	>= 95%			
O-11	2W Analog Loop w/INP Non-Design/EDI/GA(%)	>= 95%			
O-11	2W Analog Loop w/INP Non-Design/TAG/GA(%)	>= 95%			
O-11	2W Analog Loop w/LNP Design/EDI/GA(%)	>= 95%	100.00%	33	YES
O-11	2W Analog Loop w/LNP Design/TAG/GA(%)	>= 95%	100.00%	2	YES
O-11	2W Analog Loop w/LNP Non-Design/EDI/GA(%)	>= 95%	100.00%	2	YES
O-11	2W Analog Loop w/LNP Non-Design/TAG/GA(%)	>= 95%	100.00%	11	YES
O-11	Other Design/EDI/GA(%)	>= 95%	75.95%	79	NO

O-11	Other Design/TAG/GA(%)	>= 95%	85.00%	40	NO
O-11	Other Non-Design/EDI/GA(%)	>= 95%	61.98%	3,622	NO
O-11	Other Non-Design/TAG/GA(%)	>= 95%	81.74%	876	NO
O-11	INP Standalone/EDI/GA(%)	>= 95%			
O-11	INP Standalone/TAG/GA(%)	>= 95%			
O-11	LNP Standalone/EDI/GA(%)	>= 95%	100.00%	1,640	YES
O-11	LNP Standalone/TAG/GA(%)	>= 95%	100.00%	300	YES

FOC & Reject Response Completeness (Multiple Responses) - Partially Mechanized

O-11	Switch Ports/EDI/GA(%)	>= 95%			
O-11	Switch Ports/TAG/GA(%)	>= 95%			
O-11	Local Interoffice Transport/EDI/GA(%)	>= 95%			
O-11	Local Interoffice Transport/TAG/GA(%)	>= 95%			
O-11	Loop + Port Combinations/EDI/GA(%)	>= 95%	94.39%	7,378	NO
O-11	Loop + Port Combinations/TAG/GA(%)	>= 95%	91.48%	5,167	NO
O-11	Combo Other/EDI/GA(%)	>= 95%			
O-11	Combo Other/TAG/GA(%)	>= 95%			
O-11	xDSL (ADSL, HDSL and UCL)/EDI/GA(%)	>= 95%	100.00%	4	YES
O-11	xDSL (ADSL, HDSL and UCL)/TAG/GA(%)	>= 95%	100.00%	10	YES
O-11	ISDN Loop (UDN, UDC)/EDI/GA(%)	>= 95%	100.00%	2	YES
O-11	ISDN Loop (UDN, UDC)/TAG/GA(%)	>= 95%	100.00%	3	YES
O-11	Line Sharing/EDI/GA(%)	>= 95%	89.13%	46	NO
O-11	Line Sharing/TAG/GA(%)	>= 95%	85.19%	54	NO
O-11	2W Analog Loop Design/EDI/GA(%)	>= 95%	95.93%	221	YES
O-11	2W Analog Loop Design/TAG/GA(%)	>= 95%	100.00%	21	YES
O-11	2W Analog Loop Non-Design/EDI/GA(%)	>= 95%	100.00%	1	YES
O-11	2W Analog Loop Non-Design/TAG/GA(%)	>= 95%	92.25%	129	NO
O-11	2W Analog Loop w/INP Design/EDI/GA(%)	>= 95%			
O-11	2W Analog Loop w/INP Design/TAG/GA(%)	>= 95%			
O-11	2W Analog Loop w/INP Non-Design/EDI/GA(%)	>= 95%			
O-11	2W Analog Loop w/INP Non-Design/TAG/GA(%)	>= 95%			
O-11	2W Analog Loop w/LNP Design/EDI/GA(%)	>= 95%	95.15%	165	YES

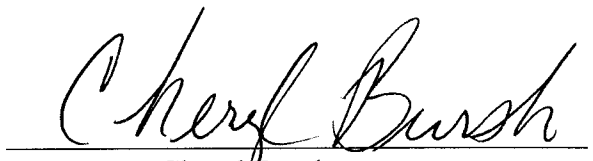
O-11	2W Analog Loop w/LNP Design/TAG/GA(%)	>= 95%	100.00%	9	YES
O-11	2W Analog Loop w/LNP Non-Design/EDI/GA(%)	>= 95%	97.52%	404	YES
O-11	2W Analog Loop w/LNP Non-Design/TAG/GA(%)	>= 95%	93.99%	233	NO
O-11	Other Design/EDI/GA(%)	>= 95%	100.00%	41	YES
O-11	Other Design/TAG/GA(%)	>= 95%	94.29%	35	NO
O-11	Other Non-Design/EDI/GA(%)	>= 95%	97.13%	1,395	YES
O-11	Other Non-Design/TAG/GA(%)	>= 95%	95.89%	487	YES
O-11	INP Standalone/EDI/GA(%)	>= 95%			
O-11	INP Standalone/TAG/GA(%)	>= 95%			
O-11	LNP Standalone/EDI/GA(%)	>= 95%	99.04%	1,047	YES
O-11	LNP Standalone/TAG/GA(%)	>= 95%	99.50%	200	YES

FOC & Reject Response Completeness (Multiple Responses) - Non-Mechanized

O-11	Switch Ports/GA(%)	>= 95%			
O-11	Local Interoffice Transport/GA(%)	>= 95%	71.43%	7	NO
O-11	Loop + Port Combinations/GA(%)	>= 95%	92.07%	895	NO
O-11	Combo Other/GA(%)	>= 95%			
O-11	xDSL (ADSL, HDSL and UCL)/GA(%)	>= 95%	95.73%	234	YES
O-11	ISDN Loop (UDN, UDC)/GA(%)	>= 95%	97.01%	402	YES
O-11	Line Sharing/GA(%)	>= 95%	92.31%	104	NO
O-11	2W Analog Loop Design/GA(%)	>= 95%	91.60%	131	NO
O-11	2W Analog Loop Non-Design/GA(%)	>= 95%	96.28%	995	YES
O-11	2W Analog Loop w/INP Design/GA(%)	>= 95%	100.00%	4	YES
O-11	2W Analog Loop w/INP Non-Design/GA(%)	>= 95%	100.00%	7	YES
O-11	2W Analog Loop w/LNP Design/GA(%)	>= 95%	84.85%	33	NO
O-11	2W Analog Loop w/LNP Non-Design/GA(%)	>= 95%	88.52%	61	NO
O-11	Other Design/GA(%)	>= 95%	92.42%	554	NO
O-11	Other Non-Design/GA(%)	>= 95%	96.04%	1,942	YES
O-11	INP Standalone/GA(%)	>= 95%	93.24%	74	NO
O-11	LNP Standalone/GA(%)	>= 95%	94.40%	1,107	NO

I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on March 28, 2002



Cheryl Bursh

I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on March 28, 2002

Sharon E. Norris

TAB C

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services Georgia And Louisiana	)	CC Docket No. 02-35

DECLARATION OF STEVEN E. TURNER
ON BEHALF OF AT&T CORP.

Based on my personal knowledge and on information learned in the course of my duties, I, Steven E. Turner, declare as follows:

I. QUALIFICATIONS AND PURPOSE OF TESTIMONY.

1. My name is Steven E. Turner. I head my own telecommunications and financial consulting firm, Kaleo Consulting. My business address is 2031 Gold Leaf Parkway, Canton, Georgia 30114.

2. I hold a Bachelor of Science degree in Electrical Engineering from Auburn University in Auburn, Alabama. I also hold a Masters of Business Administration in Finance from Georgia State University in Atlanta, Georgia.

3. From 1986 through 1987, I was employed by General Electric in its Advanced Technologies Department as a Research Engineer developing high-speed graphics simulators. I joined AT&T in 1987 and, during my career there, held a variety of engineering, operations, and management positions. These positions covered the switching, transport, and signaling

disciplines within AT&T. From 1995 until 1997, I worked in the Local Infrastructure and Access Management organization within AT&T. It was during this tenure that I became familiar with the regulatory issues surrounding AT&T's local market entry, and specifically with issues relating to the unbundling of incumbent local exchange carrier ("ILEC") networks.

4. In 1997, I left AT&T to form Kaleo Consulting. I now consult primarily on regulatory issues related to facilities-based entry into local exchange service and, using financial models, advise companies on how and where to enter telecommunications markets.

5. I have filed testimony or appeared before regulatory commissions in the states of Alabama, Arkansas, California, Colorado, Delaware, Florida, Georgia, Hawaii, Illinois, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New York, Ohio, Oklahoma, Pennsylvania, Texas, Washington, and Wisconsin. I have also filed testimony with the Federal Communications Commission ("FCC") regarding Southwestern Bell Telephone Company's ("SWBT") compliance with Section 271 of the Telecommunications Act of 1996 (the "Act").

6. The purpose of my testimony is to demonstrate that BellSouth's Georgia DUF cost study fails to comply with TELRIC principles.[1] In particular, as I explain below, BellSouth's Georgia DUF cost study contains numerous TELRIC errors that substantially inflate BellSouth's Georgia DUF rates. In Part II, I show that BellSouth's DUF rates severely understate the number of messages processed by BellSouth's DUF message processing center, thereby inflating BellSouth's Georgia per-record DUF rates. Part III shows that BellSouth has

[1] BellSouth filed its Georgia DUF Cost Study with its Application (CDs entitled Georgia State Record Proprietary, Tabs 3-4).

improperly and arbitrarily over-allocated the costs of processing DUF records to CLEC messages, which further inflates BellSouth's Georgia pre-record DUF rates. In Part IV, I demonstrate that BellSouth's Georgia DUF cost study relies on inappropriate amortization lives for recovering DUF development costs, and also misallocates some of those non-recurring costs to the recurring cost category.

II. BELLSOUTH'S GEORGIA DUF COST STUDY IS OBSOLETE AND RELIES ON OUTDATED DEMAND ESTIMATES THAT OVERSTATE DUF RATES.

7. BellSouth develops and processes all DUF records for BellSouth states from a single location. Accordingly, BellSouth's DUF costs for every state (and for every carrier) should reflect the costs of that facility, and should not vary from state-to-state. Remarkably, however, BellSouth's Georgia DUF cost study produces substantially higher DUF cost estimates than do BellSouth's cost studies for other states. Because these cost studies purport to be modeling the same costs (the cost of developing and processing DUF at BellSouth's centralized location), the fact that they produce completely different results establishes that at least one of the cost models does not comply with TELRIC principles. My analysis of BellSouth's Georgia DUF cost study shows that BellSouth's Georgia cost study is, in fact, plagued by serious TELRIC errors that inflate its Georgia DUF rates.

8. As a preliminary matter, BellSouth's Georgia DUF cost study is obsolete. Indeed, it is my understanding that BellSouth no longer uses that outdated cost study. In the ongoing Georgia UNE rate proceeding before the GPSC, for example, BellSouth has now proposed new DUF rates based on a new DUF cost study. It is not surprising, therefore, that the DUF rates proposed by BellSouth in the ongoing UNE rate proceeding are substantially lower than the rates it relies on in its Section 271 application, and are more in line with those adopted by the

Louisiana commission, which also are based on BellSouth's new DUF cost study. *See* Lieberman Supp. Decl., Exhibit D-6.

9. A fundamental problem with BellSouth's obsolete Georgia DUF cost study is that BellSouth's estimate of the number of messages that must be processed to produce DUF records – a primary driver of DUF rates – is vastly understated. BellSouth's Georgia DUF cost study generally computes DUF rates by computing total costs attributable to provisioning DUF records and then dividing those costs by BellSouth's estimated number of messages to be processed. By understating the number of messages, BellSouth improperly spreads total DUF-related costs over an insufficient number of messages, thereby overstating per record DUF costs. The Louisiana Public Service Commission ("LPSC") recently identified this same problem in BellSouth's Louisiana DUF cost studies and ordered BellSouth to update its message estimates. That correction resulted in significant reductions in BellSouth's Louisiana DUF rates. *Compare* Lieberman Initial Decl., Exhibit 11 to Lieberman Supp. Decl., Exhibit D-6. As demonstrated below, there is no question that BellSouth's Georgia DUF cost study plainly understates the number of messages to be processed into DUF records, both for CLECs and for BellSouth.[2]

10. *CLEC Demand for DUF Records.* There is no question that BellSouth's Georgia DUF cost study relied on severely understated estimates of the number of CLEC messages that must be processed to produce DUF records. Those estimates were computed based on outdated

[2] Although BellSouth will claim that it does not compute DUF records for its own operations, its cost study plainly shows that BellSouth uses the same facilities that produce DUF records for CLECs to generate equivalent records for its own use. *See* Georgia ODUF.xls Workbook, Input Sheet Worklist, Line 12 (referencing QA01 messages). Therefore, BellSouth's DUF costs are spread over those records as well.

pre-1999 data.[3] At that time, there was virtually no UNE-P entry in Georgia and, given the regulatory uncertainty as to whether BellSouth even would be required to continue to provide UNE-P, it was uncertain whether UNE-P would exist at all on a forward-going basis. Thus, it is not surprising that BellSouth's pre-1999 estimates of CLEC messages are substantially below the number of messages that BellSouth actually processed.

11. BellSouth's own data illustrates this point. Based on August 1998 data, BellSouth's Georgia cost study assumed that BellSouth's DUF facility would produce *** *** ODUF records per month regionwide, *i.e.* for all BellSouth states.[4] Thus, BellSouth's current Georgia DUF rates reflect the spreading of DUF costs among *** *** ODUF records.

12. BellSouth's most recent Louisiana filing, however, shows that BellSouth's Georgia cost model severely understates the number of ODUF messages that were actually processed each month in BellSouth's region. As shown in the Table below, as of February 2001, BellSouth was actually processing over *** *** messages per month.[5]

Month	ODUF Volume	
December 1999	***	***
January 2000	***	***
February 2000	***	***
March 2000	***	***

[3] *See* ODUF.xls Workbook, Input Sheet Worksheet, Cell E20, which notes that the ODUF volume is derived from data in August, 1998.

[4] *Id.*

[5] *See* Louisiana ODUF.xls Workbook, INPUT Worksheet, Cells G32, G191 through G202, and H191 through H192. This problem of understating demand continues even beyond February 2001. CLEC growth in the BellSouth region has continued to grow since the February 2001 period. Current demand in the BellSouth region would be even higher.

April 2000	***	***
May 2000	***	***
June 2000	***	***
July 2000	***	***
August 2000	***	***
September 2000	***	***
October 2000	***	***
November 2000	***	***
December 2000	***	***
January 2001	***	***
February 2001	***	***

13. Because BellSouth's Georgia DUF cost study substantially understates the number of messages processed by the BellSouth DUF processing center, BellSouth's Georgia DUF rates are inflated far above TELRIC levels.

14. *BellSouth's Demand for DUF Records.* BellSouth's estimates of the number of *BellSouth* messages are also understated. BellSouth computed those demand estimates based on pre-1999 data and assumed that there would be *no growth* in demand for those records.[6] BellSouth's own data confirms that the number of DUF-type records it processes for itself has, in fact, grown substantially in recent years, although by less than CLEC message growth. According to the data provided by BellSouth in its ARMIS reports for the period from 1991 to 2000, the number of messages (*i.e.*, telephone calls) by BellSouth customers has increased on average by 2.53 percent per year between 1991 and 2000. Thus, BellSouth's Georgia DUF cost study also spreads DUF costs over too few BellSouth messages, further inflating per record DUF rates.

[6] BellSouth cost study confirms that the cost associated with these records does not vary with the number of records. Indeed, those costs are termed: "Additives Volume Insensitive." *See* ADUF.xls Workbook, WP2 Worksheet, Cell A30.

15. In sum, BellSouth's Georgia DUF cost study is obsolete and does not produce TELRIC-compliant DUF cost estimates today. Even BellSouth has recognized that its Georgia cost study was not designed to produce TELRIC-compliant DUF cost estimates beyond 2000. According to BellSouth's own description of its Georgia DUF costs study, ADUF rates were only "valid from 1998 through 2000." *See* Georgia Application, Appendix I, Tab 2 (Document entitled Ganarr2.doc, at 57).

III. BELLSOUTH'S DUF COST STUDY OVERALLOCATES DUF COSTS TO CLECS.

16. As noted above, BellSouth produces information showing the use of its switches (by both CLECs and BellSouth) from within a single center in BellSouth's region. There is very little difference in the cost of the DUF-related records that BellSouth produces for itself and those that it produces for CLECs.[7] As such, from a TELRIC perspective, there should be no significant difference between the costs of processing DUF records for CLECs and DUF-related records for BellSouth. An appropriate method for computing DUF costs, therefore, would be for BellSouth to compute the total number of DUF records processed in its processing center and then to allocate those costs over all of BellSouth's processed messages. Although BellSouth's Georgia DUF cost study generally applies this approach, in some instances that cost study arbitrarily allocates certain costs of processing messages among CLECs and BellSouth. As a result, BellSouth over-allocates certain processing costs to CLEC DUF records, thereby inflating BellSouth's Georgia per-record DUF rates.

[7] There are some minor differences in provisioning DUF records for CLECs and BellSouth, but those should have no impact on the allocation issues discussed here.

17. As one example, BellSouth's Georgia cost study arbitrarily allocates certain labor hours for job category *** *** to CLECs for processing records.[8] BellSouth allocates these hours by arbitrarily dividing CLEC call messages into different "streams" and then allocating labor to the CLEC messages within each of those streams. The problem is that BellSouth's Georgia cost study allocates CLEC messages among streams in a substantially different way than it allocates its own messages among those streams. Predictably, CLEC messages are allocated to streams associated with higher costs, whereas BellSouth messages are allocated to streams with lower costs. In reality, of course, CLEC messages and BellSouth messages are processed the same way. Thus, BellSouth's arbitrary allocations serve no apparent purpose other than to allocate more costs to CLEC messages than to BellSouth messages.

IV. BELLSOUTH'S GEORGIA DUF COST STUDY CONTAINS OBVIOUS ACCOUNTING ERRORS THAT INFLATE DUF RATES.

18. BellSouth's Georgia cost study contains additional TELRIC errors that inflate its Georgia DUF rates. BellSouth has identified account "460C" as the account for its system development costs for ADUF and ODUF. It is my understanding that the economic life for 460C assets – the asset class into which BellSouth's development costs would fall is approximately five years. BellSouth, therefore, should recover those costs over the five-year period, and for the anticipated demand for that period, from the date that those costs were incurred. BellSouth, however, has chosen to recover costs over arbitrary, undocumented forecasting periods of three years for ODUF and ten years for ADUF. *See* ODUF.xls Workbook, Input Sheet Worksheet,

[8] Specifically, labor hours are distributed as follows: ***

***

Row 8 (showing three years cost calculations for ODUF); ADUF.xls Workbook, Input Sheet Worksheet, Row 8 (showing ten years for cost calculations for ADUF). As a result, BellSouth's ODUF rates are substantially overstated and its ADUF rates are understated. Because CLECs purchase far more ODUF records than ADUF records, CLEC savings from the understated ADUF development capital costs are more than offset by the overstatement in CLEC ODUF capital costs. Thus, the net affect of this error is to impose excessive monthly per line DUF charges on CLECs.

19. BellSouth also improperly recovers some of its one-time development costs through *recurring* DUF rate elements rather than as an amortized investment. For example, BellSouth's Georgia cost study recovers the cost of *** ***, which are associated with *developing* the system modifications for ODUF, through recurring rates. *See, e.g.*, Georgia ODUF.xls Workbook, recurring WP 2 & 3 Worksheet, Cells B254-B263. But these one time labor costs associated with the development of BellSouth's DUF systems should be capitalized and recovered over the useful life of the development project in the same way that BellSouth recovers its other investments. As a result of this error, BellSouth, over time, will substantially over-recover its one-time development costs because these costs will be added to recurring rates without properly accounting for the time period and volume of messages the assets should be amortized across.

20. Even setting aside the flawed methodology used by BellSouth to recover its development costs, BellSouth's development costs themselves are overstated by TELRIC errors. For example, BellSouth's Georgia DUF cost study assumes that for every hour a developer worked on system modifications, the developer printed *** *** feet of paper (*see* ODUF.xls Workbook, Input Sheet Worksheet, Cells B56 to E56 and ADUF.xls Workbook, Input Sheet

Worksheet, Cells B30 to E30. In my experience, this assumption substantially overstates the amount of paper used by system developers. In the system development projects that I have led, the practice of printing materials associated with system development has become obsolete, because the system development tools now available to developers make the need to print and trace codes unnecessary. In fact, in my experience, printing is counter-productive, in that tools available on screen help trace problems and correct them. In short, this cost should be completely eliminated or significantly reduced.

V. CONCLUSION

21. For the foregoing reasons, BellSouth's Georgia DUF rates are plainly inflated by fundamental TELRIC violations.

VERIFICATION PAGE

I declare under penalty of perjury that the foregoing Declaration is true and correct.

/s/ Steven E. Turner
Steven E. Turner

Executed on: March 28, 2002.